Quarterly Information ("ITR")

Estácio Participações S.A.

June 30, 2011
with Independent Auditor's Review Report

ESTÁCIO PARTICIPAÇÕES S.A.

Individual and consolidated quarterly information

June 30, 2011

Contents

Independent auditor's review report on the quarterly information

The Shareholders, Board of Directors and Officers
Estácio Participações S.A.
Rio de Janeiro – RJ

Introduction

We have reviewed the individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) of Estácio Participações S.A. ("Company") as of June 30, 2011, comprising the balance sheet (statement of financial position) and the related statements of income and of comprehensive income for the three-month period then ended, and of changes in equity and of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 – Interim Financial Reporting, and of the consolidated interim financial information in accordance with CPC 21 and with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários* - CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 applicable to the preparation of quarterly information (ITR), consistently with the standards issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of quarterly information (ITR), consistently with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated interim statements of value added (SVA) for the six-month period ended June 30, 2011, the presentation of which in the interim financial information is required by the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Information (ITR), and considered as supplementary information under the IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they have not been fairly prepared, in all material respects, in relation to the interim financial information.

Rio de Janeiro, August 10, 2011

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6 - F - RJ

Fernando Alberto S. de Magalhães
Accountant CRC - 1SP 133.169/O-0 - S - RJ

ESTÁCIO PARTICIPAÇÕES S.A.

Balance sheets
June 30, 2011 and December 31, 2010
(In thousands of reais)

	Company		Consolidated	
	6/30/2011	**12/31/2010**	**6/30/2011**	**12/31/2010**
Assets				
Current assets				
Cash and cash equivalents (Note 3)	10,800	12,331	61,522	44,727
Marketable securities (Note 3)	356	35,027	6,670	120,687
Accounts receivable (Note 4)			210,579	156,422
Accounts recoverable - FIES Program			18,205	14,531
Advances to employees/third parties	19	20	12,875	6,213
Related parties (Note 5)	779	62	257	7,051
Dividends receivable		28,459		
Prepaid expenses (Note 5)	3,559	2,751	10,613	9,960
Other	6,031	7,750	30,917	30,837
	21,544	86,400	351,638	390,428
Non-current assets				
Long-term receivables				
Prepaid expenses (Note 5)	216	1,398	899	2,166
Related parties (Note 5)		3,153		3,153
Court deposits (Note 14)	703	345	50,337	38,081
Deferred taxes (Note 17)			11,320	15,337
Other			587	
	919	4,896	63,143	58,737
Investments				
In subsidiaries (Note 6)	652,659	530,423		
Other			228	7,728
	652,659	530,423	228	7,728
Property and equipment (Note 7)	7,249	8,097	243,455	210,958
Intangible assets (Note 8)	7		215,621	136,685
	659,915	538,520	459,304	355,371
Total non-current assets	660,834	543,416	522,447	414,108
Total assets	682,378	629,816	874,085	804,536

	Company		Consolidated	
	6/30/2011	**12/31/2010**	**6/30/2011**	**12/31/2010**
Liabilities and equity				
Current liabilities				
Loans and financing (Note 9)	2,093	1,089	4,129	1,760
Trade accounts payable	39	293	14,200	17,846
Payroll and related charges (Note 10)	226	220	90,379	58,005
Taxes payable (Note 11)	127	254	12,358	18,873
Prepaid monthly tuition fees (Note 4)			8,953	18,891
Taxes paid in installments (Note12)			322	284
Related parties (Note 5)	7,865	2,330		
Dividends payable		19,157		19,157
Commitments payable			7,738	1,500
Other	280	156	5,070	3,182
	10,630	23,499	143,149	139,498
Non-current liabilities				
Long-term payables				
Loans and financing (Note 9)	54,943	7,519	54,943	7,762
Provision for contingencies (Note 14)			33,459	36,444
Advances under agreements (Note 13)	12,000	12,900	19,243	20,687
Taxes paid in installments (Note 12)			4,995	1,513
Provision for asset decommissioning			13,438	12,734
Other			53	
Total non-current liabilities	66,943	20,419	126,131	79,140
Equity (Note 15)				
Capital	364,392	360,443	364,392	360,443
Share issuance costs	(2,810)	(306)	(2,810)	(306)
Capital reserves	107,676	106,851	107,676	106,851
Treasury stock	(1,327)	(297)	(1,327)	(297)
Income reserves	100,455	100,455	100,455	100,455
Equity valuation adjustments	(232)	(405)	(232)	(405)
Proposed additional dividends		19,157	,	19,157
Retained earnings	36,651		36,651	
	604,805	585,898	604,805	585,898
Total liabilities and equity	682,378	629,816	874,085	804,536

See accompanying notes.

ESTÁCIO PARTICIPAÇÕES S.A.

Income statements
Six-month periods ended June 30, 2011 and 2010
(In thousands of reais)

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Gross operating revenue				
Graduation courses			664,344	602,544
Polytechnic courses			108,412	107,252
Specialization courses			21,231	16,986
Other			12,036	7,843
			806,023	**734,625**
Deductions from gross revenue				
Grants - scholarships			(206,919)	(190,729)
Returned monthly tuition fees and charges			(4,953)	(1,396)
Discounts granted			(4,374)	(6,679)
Taxes			(24,068)	(21,625)
			(240,314)	**(220,429)**
Net operating revenue			**565,709**	**514,196**
Direct costs of services rendered			(383,357)	(354,497)
Gross profit			**182,352**	**159,699**
Operating income (expenses)				
Selling expenses			(60,767)	(50,102)
General and administrative expenses	(5,120)	(4,616)	(84,618)	(86,311)
Equity pickup, net (Note 6)	42,966	34,591		
Financial income (Note 16)	1,334	2,750	12,630	14,955
Financial expenses (Note 16)	(3,827)	(71)	(13,077)	(8,054)
Other operating income	1,308	904	4,055	5,049
Expenses from discontinued activities	(10)		(36)	(1,067)
	36,651	**33,558**	**(141,813)**	**(125,530)**
Operating income before income and social contribution taxes	**36,651**	**33,558**	**40,539**	**34,169**
Social contribution tax (Note 17)			(1,034)	(164)
Income tax (Note 17)			(2,854)	(447)
Net income for the period	**36,651**	**33,558**	**36,651**	**33,558**

See accompanying notes.

ESTÁCIO PARTICIPAÇÕES S.A.

Statements of changes in equity
Six-month periods ended June 30, 2011 and 2010
(In thousands of reais)

			Capital Reserve			Income reserves					
	Capital	Share issuance costs	Share subscription premium	Options granted	Equity valuation adjustments	Legal	Retained profits	Treasury stock	Dividends proposed	Retained earnings	Total
At December 31, 2009	**295,237**		**96,482**	**3,916**	**(300)**	**6,237**	**51,872**				**453,444**
Capital increase	2,569										2,569
Cumulative translation adjustments					33						33
Net income for the period										**33,558**	33,558
Options granted				2,901							2,901
Treasury stock acquired								(282)			(282)
At June 30, 2010	**297,806**		**96,482**	**6,817**	**(267)**	**6,237**	**51,872**	**(282)**	**-**	**33,558**	**492,223**
At December 31, 2010	**360,443**	**(306)**	**97,041**	**9,810**	**(405)**	**10,270**	**90,185**	**(297)**	**19,157**	**-**	**585,898**
Capital increase	3,949										3,949
Cumulative translation adjustments					173						173
Net income for the period										36,651	36,651
Recognition of reserves			(475)								(475)
Proposed additional dividends									(19,157)		(19,157)
Options granted				1,300							1,300
Share issuance costs		(2,504)									(2,504)
Treasury stock acquired								(1,030)			(1,030)
At June 30, 2011	**364,392**	**(2,810)**	**96,566**	**11,110**	**(232)**	**10,270**	**90,185**	**(1,327)**	**-**	**36,651**	**604,805**

See accompanying notes.

ESTÁCIO PARTICIPAÇÕES S.A.

Statements of cash flows
Six-month periods ended June 30, 2011 and 2010
(In thousands of reais)

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Cash flows from operating activities				
Net income for the period	36,651	33,558	36,651	33,558
Adjustments for				
operating activities:				
Depreciation and amortization	1,156		18,536	15,129
Net book value of fixed assets write-off		219		1,359
Allowance for doubtful accounts			22,760	20,096
Options granted	1,300	2,901	1,300	2,901
Debt waiver	3,298		3,298	
Provision for contingencies			(2,729)	2,338
Interest on loans to subsidiaries	(243)	(575)	(254)	(206)
Equity pickup	(42,966)	(34,703)	-	
	(804)	1,400	79,562	75,175
Changes in assets and liabilities:				
(Increase) in accounts receivable		-	(73,810)	(49,765)
Decrease (increase) in other assets	916	(1,152)	(11,063)	(12,241)
Decrease in trade accounts payable	(254)	(148)	(3,646)	(1,696)
Decrease in taxes payable	(127)	(1,172)	(6,515)	(3,763)
Increase in payroll and related charges	6	46	32,374	29,410
Decrease in prepaid monthly tuition fees			(9,938)	(7,121)
Decrease in provision for contingencies			(256)	(10,198)
Provision for decommissioning of assets			704	330
Increase in other liabilities	124	265	11,699	88
Decrease in advances under agreements	(900)	(900)	(1,444)	(1,443)
Changes in transactions with related parties:				
Decrease (increase) in accounts receivable	(619)	23,687	6,903	(54)
Increase in accounts payable	5,535	3,192		
Decrease (increase) in non-current assets	824	(1,741)	(7,559)	(2,455)
Net cash generated from (used in) operating activities	4,701	23,477	17,011	16,267
Cash flows from investing activities:				
Short-term investments	34,671	11,706	114,016	8,119
Goodwill on investment acquisition	(14,585)		(65,366)	
Property and equipment	(308)		(46,587)	(9,628)
Asset decommissioning costs				(330)
Intangible assets	7		(18,017)	(4,719)
Dividends received	28,459	28,000		
Investments in subsidiaries	(883)	(2,934)	6,330	
Future capital contribution	(61,879)	(32,217)		
Net cash generated from (used in) investing activities	(14,518)	4,555	(9,624)	(6,558)
Cash flow from financing activities:				
Capital increase	(3,949)	2,569	(3,949)	2,569
Dividends distributed	(38,314)	(30,533)	(38,314)	(30,533)
Share issuance costs	2,504		2,504	
Adjustment in goodwill on share subscription	474		474	
Treasury stock	(1,030)	(282)	(1,030)	(282)
Increase in loans and financing	48,428		49,550	(2,082)
Exchange differences on foreign investments	173	33	173	33
Net cash generated from (used in) financing activities	8,286	(28,213)	9,408	(30,295)
Net increase (decrease) in cash and cash equivalents	(1,531)	(181)	16,795	(20,586)
At the beginning of the period	12,331	350	44,727	51,303
At the end of the period	10,800	169	61,522	30,717
Net increase (decrease) in cash and cash equivalents	(1,531)	(181)	16,795	(20,586)

See accompanying notes.

ESTÁCIO PARTICIPAÇÕES S.A.

Statements of value added
Six-month periods ended June 30, 2011 and 2010
(In thousands of reais)

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Revenue				
Educational services			585,275	531.493
Other revenues			4,502	4.328
Allowance for doubtful accounts			(22,760)	(20.096)
			567,017	515.725
Inputs acquired from third parties				
Materials, energy and third party services	(3,972)	(2,246)	(115,164)	(99,406)
Loss/recovery of assets	(10)		90	(1,059)
Other	2,909		2,604	(2,343)
	(1,073)	(2,246)	(112,470)	(102,808)
Gross value added	(1,073)	(2,246)	454,547	412,917
Retentions				
Depreciation and amortization	(1,156)		(18,536)	(15,129)
Net value added generated by the Company	(2,229)	(2,246)	436,011	397,788
Value added received in transfer				
Equity pickup	42,966	34,591	-	-
Financial income	1,334	2,750	12,630	14,956
Other	1,307	905	4,055	5,040
	45,607	38,246	16,685	19,996
Value added to be distributed	43,378	36,000	452,696	417,784
Distribution of value added				
Personnel				
Direct compensation	1,983	1,926	237,096	227,426
Benefits	-		5,947	4,743
FGTS	4		17,662	17,204
	1,987	1,926	260,705	249,373
Taxes, charges and contributions				
Federal	893	445	62,814	51,011
State	-		1	5
Local	20		26,786	24,169
	913	445	89,601	75,185
Return on borrowed capital				
Interest	3,827	71	13,082	8,117
Rental	-		52,657	51,551
	3,827	71	65,739	59,668
Return on own capital				
Dividends				
Retained earnings	36,651	33,558	36,651	33,558
	36,651	33,558	36,651	33,558
Distributed value added	43,378	36,000	452,696	417,784

See accompanying notes.

1. Operations

Estácio Participações S.A. ("Estácio" or "Company") is a corporation headquartered in the city and state of Rio de Janeiro, having been organized through private share subscription on March 31, 2007, being currently listed in Bovespa's *Novo Mercado*. It controls, whether directly and indirectly, 5 limited liability entrepreneurial companies that are its sponsoring institutions. The conglomerate comprises two Universities, two University Centers and 30 college schools, distributed in 17 Brazilian states and abroad. Estácio's main activities are the development and/or management of activities and/or institutions in the college education, professional education and/or other associated areas, management of own assets and businesses, and holding interests, either as a partner or shareholder, in other non-entrepreneurial or entrepreneurial companies, in Brazil and abroad. The Company's corporate head office is located at Avenida Embaixador Abelardo Bueno, 199, Rio de Janeiro - RJ.

The individual and consolidated quarterly information of Estácio was approved at the Meeting held by the Board of Directors on August 10, 2011.

2. Accounting practices

The Company's Quarterly Information ("ITR") for the quarters ended June 30, 2011 and 2010 was prepared in accordance with accounting practices adopted in Brazil, which comprise Brazilian Securities and Exchange Commission (CVM) rules and Brazilian FASB (CPC) pronouncements, and the interim consolidated quarterly information was prepared in accordance with accounting practices adopted in Brazil, which comprise Brazilian Securities and Exchange Commission (CVM) rules and Brazilian FASB (CPC) pronouncements, and are in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Company's individual and consolidated quarterly information was prepared in accordance with several valuation bases used in accounting estimates. Accounting estimates involved in the preparation of the individual and consolidated quarterly information were based on objective and subjective factors, involving use of professional judgment by management to determine the adequate amount to be recorded in the individual and consolidated quarterly information. Significant items subject to these estimates and assumptions include selection of useful lives of property and equipment and the recoverability thereof in operations, valuation of financial assets at fair value, credit risk assessment to determine the allowance for doubtful accounts, as well as assessment of other risks to determine other provisions, including provisions for contingencies.

(In thousands of reais, except where otherwise stated)

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the quarterly information due to the probabilistic treatment inherent to the estimate process. The Company reviews its estimates and assumptions at least on an annual basis.

The Company has adopted all the standards, standard reviews and interpretations issued by Brazilian FASB (CPC), IASB and regulatory bodies that were effective as of June 30, 2011, except for the valuation of investments in subsidiaries under the equity accounting method in the Company's individual quarterly information, as required by ICPC 09, whilst these would be valued at cost or fair value under IFRS.

The income statement for June 30, 2010 was reclassified for purposes of better presentation and comparability. Some expenses disclosed in 2010 as general and administrative expenses were adequately reclassified as selling expenses, in the amount of R$ 5,796.

2.1. Basis of consolidation

The interim consolidated financial information includes operations of the Company and the following subsidiaries, in which its ownership interest is summarized below:

	6/30/2011	12/31/2010
	Direct	Direct
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	100%	100%
Sociedade de Ensino Superior, Médio e Fundamental LTDA. ("IREP")	100%	100%
Sociedad de Enseñanza Superior S.A. ("SESSA")	100%	100%
Nova Academia do Concurso-Cursos Preparatórios Ltda.	100%	
Estácio Editora	100%	

	6/30/2011
	Indirect
Sociedade Educacional Atual da Amazônia ("ATUAL")	100%
Faculdade de Natal Ltda. ("FAL")	100%
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100%

On January 24, 2011, the Company acquired through its subsidiary IREP the totality of the units of interest in Sociedade Educacional Atual da Amazônia Ltda., a limited liability company headquartered in the city of Boa Vista, Roraima state. The Company is the sponsoring entity of Faculdade Atual da Amazônia ("FAA"). The transaction amount was R$ 20,000, including payments to members and assumption of the entity's liabilities.

On the acquisition date, FAA had 4,500 students enrolled in its in-class undergraduate and graduate courses, being the leading institution in the private higher education segment in the state of Roraima (unaudited data).

On February 22, 2011, the Company acquired through its subsidiary IREP the totality of units of interest in Sociedade Natalense de Educação e Cultura Ltda. (ANEC), a limited liability company established in Natal, Rio Grande do Norte state. The Company is the sponsoring entity of Faculdade de Natal ("FAL"). The transaction amounted to R$ 12,500, partly paid to members and partly in the assumption of the entity's liabilities.

In December 2010, FAL had 2,400 students enrolled in its in-class undergraduate and graduate courses. Since Estácio is already present in the city, through Faculdade Estácio de Natal (FEN), with 1,600 students, the transaction represents a significant growth in Natal, one of the main capitals of the Northeast region, with greater use of synergies and economies of scale (unaudited data).

On April 7, 2011, the Company acquired through its subsidiary IREP the totality of units of interest in Nova Academia do Concurso-Cursos Preparatórios Ltda. ("Academia do Concurso"), a limited liability company established in the city of Rio de Janeiro. The company owns and manages in-class preparatory courses for civil service career exams (tax-related and for high school graduates), as well as the assets and rights relating to management (including the transfer of sponsorship) of Faculdade da Academia Brasileira de Educação e Cultura ("FABEC"). The transaction amounted to R$ 16,078, including payment to partners and assumption of the entity's liabilities.

On the acquisition date, Academia do Concurso had more than 29,000 students enrolled in its in-class undergraduate and graduate courses, being second to none in the private higher education segment in the state of Rio de Janeiro (unaudited data).

On April 12, 2011, the Company acquired through its subsidiary IREP the totality of units of interest in Sociedade Universitária de Excelência Educacional do Rio Grande do Norte Ltda. (FATERN), a limited liability company established in the city of Natal, Rio Grande do Norte state. The transaction amounted to R$ 14,605, including payment to partners and assumption of the entity's liabilities.

On March 31, 2011, FATERN had 3,350 students enrolled in its in-class undergraduate and graduate courses. Since Estácio is already present in the city, through Faculdade Estácio de Natal and Faculdade de Natal, the transaction positions the Company as runner-up among private higher education institutions in Natal, one of the main capitals of the Northeast region, with some 8,000 students (unaudited data).

The investment amount preliminarily valued by an independent expert company and reviewed by the Company at the balance sheet date will be subject to adjustments, if any, within a period not exceeding one year from the acquisition date pursuant to CVM Ruling No. 580/09 – CPC 15 and IFRS 3R.

The reporting periods of the interim financial information of the subsidiaries included in consolidation are the same as those of the Company, and accounting practices were applied uniformly by the consolidated companies and are consistent with those used in prior periods.

The main consolidation procedures are:

- Elimination of intercompany current accounts and other asset and liability balances;
- Elimination of the effects arising from significant intercompany transactions;
- Elimination of interest in capital, reserves and retained earnings of the consolidated companies; and
- Elimination of revenues and expenses arising from business transactions between consolidated companies.

2.2. Determination of P&L

P&L is determined on an accrual basis of accounting, highlighting the following:

- Revenues from activities are recognized upon rendering of the related services;
- Cost of services rendered is recognized when incurred in rendering the related services. Operating income and expenses are recognized when incurred.

2.3. Foreign currency translation

The functional currency of the Company and its subsidiaries in Brazil is the Brazilian real, the same currency for preparation and presentation of the Company and consolidated quarterly information. The quarterly information of each subsidiary included in the Company's consolidated quarterly information and those stated by the equity method in the individual quarterly information of the Company are prepared in the functional currency of each entity.

With regard to the foreign subsidiary, management concluded that, in view of its administrative, financial and operational independence, its assets and liabilities are translated into reais based on the exchange rates at the balance sheet closing dates, and its results of operations are determined based on the average monthly rates for the periods. Adjustments to the investment account resulting from exchange rate differences are recognized in cumulative translation adjustment in the Company's equity.

2.4. Cash and cash equivalents

Cash and cash equivalents include cash, bank account balances, and highly liquid short-term investments with unlikely change in market value, which are held to meet the Company's short-term cash commitments. These investments are stated at cost plus interest to the balance sheet date, and marked to market, with any related gains and losses being posted to the income statement. Breakdown of these short-term investments by type of classification is presented in Note 3.

2.5. Marketable securities

The Company classifies its marketable securities as held for trading, considering the purpose for which the security was acquired.

Marketable securities held for trading are measured at fair value. Interest and monetary and foreign exchange differences are recognized in the income statement as incurred, when applicable. Breakdown of these investments by type of classification is presented in Note 3.

2.6. Accounts receivable and prepaid monthly tuition fees

Accounts receivable arise from the provision of educational services and do not include any amounts for services provided after the balance sheet date. Services billed but not yet provided at the balance sheet date are recorded as prepaid monthly tuition fees and will be recognized in the respective income statement for the period on an accrual basis.

Accounts receivable - FIES Program are represented by educational loans obtained by students from Caixa Econômica Federal (CEF) and Fundo Nacional de Desenvolvimento da Educação (FNDE), whereby the financed funds are transferred monthly by CEF and Banco do Brasil to a specific bank account. This amount has been used exclusively to pay the social security taxes withheld from the Company's employees (INSS on salaries) and may be converted into cash by means of auctions of National Treasury securities.

2.7. Allowance for doubtful accounts

This allowance, recorded as a reduction of accounts receivable, is set up in an amount considered sufficient by the Company's management to cover any losses on collection of amounts related to monthly tuition fees and checks receivable, considering the risks involved.

2.8. Investments in subsidiaries

Company investments in subsidiaries are stated by the equity method, according to CPC 18 (IAS 28), for purposes of the Company's quarterly information.

Under the equity method, the investment in the subsidiary is carried in the Company's balance sheet at cost plus post acquisition changes in the Company's share of net assets of the subsidiary. Goodwill relating to the subsidiary is included in the carrying amount of the investment (not recognized separately) and is neither amortized nor individually tested for impairment.

Ownership interest in subsidiaries is presented in the Company's income statement as equity pickup, representing net income attributable to shareholders of the subsidiary. The quarterly information of subsidiaries is prepared for the same reporting period as that of the Company.

After application of the equity method for purposes of its individual quarterly information, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in the subsidiary. The Company determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognizes the amount in the Company's income statement.

2.9. Property and equipment

These are stated at acquisition or construction cost, less accumulated depreciation. Depreciation is calculated under the straight-line method over the useful life of the assets at the rates mentioned in Note 7. Amortization of leasehold improvements is calculated over the related lease term. Costs subsequent to initial recognition are included in the net book value of property and equipment or recognized as a specific item, as applicable, only if the economic benefits related to these items are probable and the amounts can be reliably measured. The residual balance of the replaced item is written off. Other repair and maintenance expenses are recognized directly in the income statement when incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.10. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets substantially comprise software, use licenses and goodwill based on expected future profitability and incremental revenues, in connection with business combinations of the Company and its subsidiaries.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

2.11. Provision for impairment of non-financial assets

Management annually tests the net book value of assets with a view to determining whether there are any events or changes in economic, operating or technological circumstances that may indicate an impairment loss. If such evidence is identified and net book value exceeds the recoverable amount, a provision for impairment is set up, adjusting net book value to recoverable value.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash-generating unit operates. Fair value less costs to sell is determined considering, whenever possible, outright sale agreements in arm's length transactions between knowledgeable and willing parties less costs of disposal; if no outright sale agreements can be identified, this will be based on the market price of an active market or the price of the most recent transaction involving similar assets.

The following criteria are also applied in assessing impairment of assets:

a) Goodwill paid based on expected future profitability

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

b) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

When such evidence is identified and net book value exceeds recoverable value, a provision for impairment is set up adjusting net book value to recoverable value, as applicable (Note 8).

2.12. Lease

- Finance lease

  Lease agreements transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item. These agreements represent finance lease agreements, and assets are recognized at fair value or present value of minimum lease payments. Items recognized as assets are depreciated at the rates applicable to each group of assets according to Note 8. Financial charges related to finance lease agreements are appropriated to income statement along the lease term, based on the amortized cost and effective interest rate method.

- Operating lease

  Operating lease payments are recognized in the income statement considering payments made and on a straight line basis during the lease term, on an accrual basis.

2.13. Other assets and liabilities

Assets are recognized in the balance sheet when they are controlled by the Company, result from past events and from which future economic benefits are expected to arise for the Company.

A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that economic resources will be required to settle it.

2.14. Taxation

Subsidiaries that joined the PROUNI (the "University for All" Program) benefit from exemption of the federal taxes listed below, for as long as they remain registered with the program:

- Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL), introduced by Law No. 7689, of December 15, 1988;
- Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS), introduced by Supplementary Law No. 70, of December 30, 1991; and
- Social Contribution Tax on Gross Revenue for Social Integration Program (PIS), introduced by Supplementary Law No. 7 of September 7, 1970.

The above exemptions are applicable to the amount of revenues earned from post-secondary education activities, derived from undergraduate and occupationally specific sequential courses. Also as a result of the change in the form of organization to business companies, some subsidiaries and Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES") became subject to the following events as of October 2005 and February 2007, respectively:

(i) Loss of Service Tax (ISS) immunity; and

(ii) Loss of 100% exemption regarding the employer's contribution to the National Institute for Social Security (INSS), which is required to be paid on an escalated basis as defined under PROUNI legislation (20% in the first year, 40% in the second year up to 100% in the fifth year) - SESES.

Estácio Participações S.A. does not benefit from PROUNI-related exemptions and regularly computes its federal tax amounts payable.

IRPJ and CSLL – current

Current income and social contribution taxes were determined considering the criteria established by the Revenue Procedure issued by the Brazilian IRS, with specific regard to PROUNI, whereby such taxes may not be paid on profits from regular undergraduate and technological educational activities that benefit from a favorable tax treatment ("*lucro da exploração*") and may be converted into an income reserve.

PIS and COFINS

The rules governing PROUNI establish that revenues from traditional undergraduate and technological courses are exempt from PIS and COFINS contributions. Revenues from other educational activities are subject to PIS and COFINS at the rate of 0.65% and 3.00%, respectively, whereas non-education related revenues are subject to PIS at the rate of 1.65% and to COFINS, at 7.6%.

IRPJ and CSLL – deferred

Deferred tax is generated from temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Derecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxes relating to items recognized directly in equity are also recognized in equity and not in the income statement. Deferred tax items are recognized in correlation to the underlying transaction either in comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.15. Stock-based compensation

The Company granted to its main executives and officers stock-based compensation. The Company measures cost of settled transactions with shares to its employees based on the fair value of equity instruments at the date of granting. The estimate of fair value of stock-based payments requires determination of the most adequate valuation model for granting of equity instruments, which depends on the granting terms and conditions. This also requires determination of most adequate data for the valuation model, including expected option life, volatility and dividend earnings and related assumptions. The assumptions and models used to estimate fair value of stock-based payments are disclosed in Note 20(b). Expenses of these transactions are recognized in income statement during the period in which services are rendered, the balancing entry being to capital reserve.

2.16. Other employee benefits

Benefits granted to Company employees and officers include, further to fixed remuneration (salaries and social security contributions (INSS), vacation pay and 13th monthly salary), variable remuneration such as profit sharing, bonus and stock-based compensation. These benefits are recorded in the income statement for the year when the Company has an obligation on an accrual basis, as they are incurred.

2.17. Earnings per share

The Company calculates earnings per one-thousand share lot using weighted average number of outstanding common shares, in the period to which net income refers, according to accounting pronouncement CPC 41 (IAS 33).

2.18. Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities are discounted to present value, and so are current monetary assets and liabilities whenever the effects are considered to have a significant effect on the overall individual and consolidated quarterly information.

At June 30, 2011 and December 31, 2010, the Company did not have monetary assets and liabilities of which present value adjustment would be significant.

2.19. Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the Company's individual and consolidated quarterly information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the interim reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities to which the Company is not yet committed or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20(b).

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company’s domicile.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provisions for tax, civil and labor risks

The Company recognizes provisions for civil and labor cases. The assessment of the probability of loss includes an analysis of available evidence, the hierarchy of laws, available case law, the latest decisions of courts of law and their relevance in the legal system, as well as the opinion of external legal advisers. The provisions are reviewed and adjusted to take into account changes in circumstances, such as the applicable statute of limitations, outcomes of tax inspections, or additional exposures that may be identified based on new issues or court decisions.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to inaccuracies inherent in their estimation process. The Company reviews its estimates and assumptions at least quarterly.

2.20. Statements of cash flows

The statements of cash flows were prepared using the indirect method and are presented in accordance with Technical Pronouncement CPC 03 (IAS 7) – Statement of cash flows, issued by CPC/IASB.

2.21. Statement of value added ("SVA")

The purpose of the statement of value added is to disclose the wealth generated by the Company and its subsidiaries and the wealth distribution over a given period. As required by Brazilian Corporations Act, this statement is shown as part of the individual financial statements and as supplementary information to the consolidated financial statements, considering that it is not required under IFRS.

The statement of value added was prepared based on information obtained in the accounting records used to prepare the financial statements and pursuant to the provisions of Technical Pronouncement CPC 09. The first part shows the wealth created by the Company, represented by revenues (gross sales revenue, including applicable taxes, other revenues and the effects of the allowance for doubtful accounts), inputs acquired from third parties (cost of sales and purchases of materials, electric power and third-party services, including taxes levied upon acquisition, effects of losses on and recovery of assets, depreciation and amortization), and value added received from third parties (equity pickup, financial and other income). The second part of the statement of value added shows how wealth is distributed among personnel, taxes, fees and contributions, and return on own capital and on borrowed capital.

2.22. Financial instruments

a) Initial recognition and measurement

The Company's financial instruments are represented by cash and cash equivalents, accounts receivable, accounts payable, debentures, loans, financing and derivatives. The instruments are initially recognized at fair value plus costs directly attributable to their acquisition or issue, except for financial instruments classified at fair value through profit or loss, when such costs are directly recorded in the income statement.

The main financial assets recognized by the Company are cash and cash equivalents, short-term investments and trade accounts receivable.

The main financial liabilities recognized by the Company are trade accounts payable, loans and financing.

b) Subsequent measurement

The subsequent measurement of financial assets and liabilities depends on their classification as follows:

Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

The Company evaluated its financial assets at fair value through profit or loss considering its intention to sell them in the near term. When the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by CPC 38 (IAS 39). Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement.

The Company has not designated any financial liabilities as at fair value through profit or loss.

Loans and financing: After initial recognition, interest bearing loans and financing are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

2.23. Segment information

Because the Company concentrates its activities in college educational activities, it is organized into one single business unit. Although the courses offered by the Company are designed for different audiences, they are neither controlled nor managed as independent segments, and the Company's results are observed, monitored and evaluated on an integrated basis.

(In thousands of reais, except where otherwise stated)

3. Cash and cash equivalents and marketable securities

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Cash and Banks	496	896	39,883	15,277
Short-term investments	10,304	11,435	21,639	29,450
Cash and cash equivalents	10,800	12,331	61,522	44,727
Bank Deposit Certificates- CDB	182	16,979	3,387	58,503
Debentures of financial institutions	174	18,048	3,283	62,184
Marketable securities	356	35,027	6,670	120,687
Total	**11,156**	**47,358**	**68,192**	**165,414**

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing or any other purposes. The Company considers cash equivalents to be short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, being represented by exclusive investment funds, Bank Deposit Certificates and repurchase agreements. Investments are classified as cash equivalents, as described by CPC 3 (IAS 7).

Bank Deposit Certificates, fully from first-tier banks, are remunerated at 100.5% to 101.9% of CDI at June 30, 2011 (101.0% to 105.5% of CDI at December 31, 2010).

Repurchase agreements backed by first-tier debentures are recorded at fair value, bearing interest at 100.5% to 101.2% of CDI, Company and consolidated, at June 30, 2011 and December 31, 2010.

The Company has policies on short-term investments under which investments must be concentrated on low risk marketable securities from first tier banks and are substantially remunerated based on a percentage of Interbank Deposit Certificate (CDI).

(In thousands of reais, except where otherwise stated)

4. Accounts receivable

	Consolidated	
	6/30/2011	12/31/2010
FIES	25,430	15,302
Monthly tuition fees	198,723	157,436
Cards receivable	10,803	6,930
Agreements receivable	32,438	26,938
Charges receivable	5,733	4,407
	273,127	211,013
Unidentified credits	(6,788)	(9,207)
Allowance for doubtful accounts	(55,760)	(45,384)
	210,579	156,422

The breakdown of accounts receivable was reordered for purposes of better presentation of balances relating to agreements and negotiations. Credit card receivables are shown separately from agreements receivable, considering that a substantial amount arises from origination and renewal of complying obligors.

The aging list of accounts receivable is as follows:

	Consolidated			
	6/30/2011	%	12/31/2010	%
FIES	25,430	9%	15,302	7%
Not yet due	62,415	23%	32,501	15%
Overdue up to 30 days	35,945	13%	32,255	15%
Overdue from 31 to 60 days	27,901	10%	22,045	10%
Overdue from 61 to 90 days	27,986	11%	22,047	11%
Overdue from 91 to 179 days	37,690	14%	41,479	20%
Overdue more than 180 days	55,760	20%	45,384	22%
	273,127	100%	211,013	100%

Prepaid monthly tuition fees, amounting to R$ 8,953 (R$ 18,891 - 12/31/2010) are posted to income on an accrual basis.

(In thousands of reais, except where otherwise stated)

The aging list of agreements receivable is as follows:

	Consolidated			
	6/30/2011	%	12/31/2010	%
Not yet due	19,103	59%	10,891	40%
Overdue up to 30 days	4,811	15%	6,623	25%
Overdue from 31 to 60 days	1,539	5%	1,277	5%
Overdue from 61 to 90 days	1,437	4%	1,606	6%
Overdue from 91 to 179 days	2,448	8%	3,182	12%
Overdue more than 180 days	3,100	9%	3,358	12%
	32,438	100%	26,938	100%

Because of the recently implemented adjustments in handling default-related procedures, receivables from agreements/negotiations are substantially settled within 60 days. The Company's management has strict criteria that prevent debt from rolling over from one semester to another. The Company offers all sorts of payment methods to students, but considers their related credit limits.

(In thousands of reais, except where otherwise stated)

Changes in the consolidated allowance for doubtful accounts were as follows:

Description	12/31/2010	Gross increase in allowance for doubtful accounts	Recovered doubtful accounts	Supplementary allowance, net	Effect of acquirees	Write-off	6/30/2011
Monthly tuition and fees	45,384	46,136	(22,307)	23,829		(24,605)	44,608
Acquirees		1,129		1,129	10,023		11,152
	45,384	47,265	(22,307)	24,958	10,023	(24,605)	55,760

Until the quarter ended March 31, 2011, the changes in the allowance for doubtful accounts included information relating to supplementary and written off amounts, considering the outcome of this equation per campus. Where the equation produced negative results, they were classified as a supplementary allowance, whereas positive results were classified as recovered amounts.

In order to facilitate understanding and to allow a direct reconciliation between the balance sheet and income statement for the half-year, the Company believes that this change should consider the consolidated amount not recovered after 180 days from the due date as supplementary amounts, and the consolidated amount received/renegotiated relating to bills not settled until the previous month as recovered amounts.

At June 30, 2011, expenses on the allowance for doubtful accounts, recognized in the income statement as ‘selling expenses’, comprised:

	6/30/2011
Supplementary allowance	24,958
Credit Risk - FIES	181
Unidentified deposits and collections written off	(2,379)
	22,760

(In thousands of reais, except where otherwise stated)

5. Transactions with related parties

Transactions with related parties were based on agreed-upon conditions, as follows:

Type of transaction	Company 6/30/2011	Company 12/31/2010	Consolidated 6/30/2011	Consolidated 12/31/2010	Index
CURRENT ASSETS					
Intercompany loans					
Subsidiaries					
SESES	778				110% CDI
IREP	1				110% CDI
ATUAL				6,798	110% CDI
	779			6,798	
Related persons (ii)		62	257	253	100% CDI
	779	**62**	**257**	**7,051**	
Prepaid expenses (i)	2,596	2,596		2,596	
	2,596	**2,596**		**2,596**	
NON-CURRENT ASSETS					
Intercompany loan					
Affiliated companies					
ESCUELA (iii)		3,153		3,153	CDI + 7.7% p.a.
		3,153		**3,153**	
Prepaid expenses (i)	216	1,398	216	1,398	
	216	**1,398**	**216**	**1,398**	
Future capital contribution					
IREP		832			
NOVA ACADEMIA (Note 7)	196				
ESTÁCIO EDITORA (Note 7)	250				
SESES (Note 7)	73,166	126,035			
	73,612	**126,867**			
CURRENT LIABILITIES					
Subsidiaries					
SESES	7,862	2,326			
IREP	3	4			
	7,865	**2,330**			

	Company 6/30/2011	Company 6/30/2010	Consolidated 6/30/2011	Consolidated 6/30/2010
Financial income				
Loans to shareholders and affiliates	147	575	147	233
General and administrative expenses				
Consulting services	(1,298)	(1,140)	(1,298)	(1,140)
Financial expenses				
Loans from shareholders and affiliates	(254)	(53)		

(i) On June 4, 2008, the Company entered into a Consulting Agreement ("Agreement") with Marone Consultoria e Participações Ltda. ("Marone"), a company controlled by Messrs. André Cleófas Uchôa Cavalcanti and Marcel Cleófas Uchôa Cavalcanti, holders of nearly 0.8% of common shares issued by the Company and members of the Shareholders' Agreement, executed on June 4, 2008. The Consulting Agreement involves the rendering of services relating to academic and post-secondary educational activities, as well as strategic planning and development of new businesses, in addition to defining the non-compete obligation on the part of Marone. This Agreement will be in effect for 48 (forty-eight) months as of the date of execution.

In return for the commitment to not perform activities in the education sector in the competition or in any way to not compete with the Company and its subsidiaries, and for the monthly services to be rendered under the Agreement, a total compensation in the amount of R$ 14,000 has been agreed and will be paid as follows: R$ 2,800, upon execution of the Agreement, as an advance payment to be diluted over the life of the Agreement, not subject to monetary restatement or financial charges, and 48 equal consecutive monthly installments in the amount of R$ 233, the first having matured on June 06, 2008. Moreover, the amount of these installments will be adjusted, in the shortest period allowed by legislation, based on the IGP-M/FGV rate or, in the absence thereof, based on an equivalent index, from the date of the Agreement until the effective payment date of each installment.

The non-compete obligation undertaken by Marone, its partners and any companies in which they might hold a controlling interest is valid throughout the Brazilian territory. However, the following controlling entities have been excluded from such obligation: SESSE, SESAL, SESAP and UNEC, merged into IREP on June 30, 2010, according to the merger protocol entered into on said date, and SESSA, the controlling interest of which had already been transferred to the Company, and Asociación de Enseñanza Superior de Las Américas ("AESA"), the controlling interest of which might be transferred to the Company, under the terms and conditions defined in the Memorandum of Understanding entered into on April 07, 2007 by and between the controlling shareholders of such entities, including Messrs. André Cleófas Uchôa Cavalcanti and Marcel Cleófas Uchôa Cavalcanti.

The Agreement may be terminated by either Party, upon a prior 60 (sixty) day notice to the other Party. In such case, all the implications set forth in the Agreement shall be observed, including the obligation to pay a lump-sum compensation to Marone, duly restated by the IGP-M/FGV rate, in an amount equivalent to the sum of installments payable until contract termination, should the Company decide to terminate it. In case Marone decides to terminate the Agreement, subject to the proper previous notice, no indemnification to the Company shall be paid.

The Board of Directors, in a meeting held on July 23, 2008, approved the execution of said Consulting Agreement. On January 15, 2010, an Amendment to the Consulting Agreement was executed, whereby the amount of R$ 4,909 will be paid in the form of an advance, representing a 30% discount on the total agreement value, which remains in full force regarding the non-compete clause, being recorded in prepaid expenses.

(ii) In April 2009 and June 2010, loan agreements were entered into with members of the Company's management for a total amount of R$ 300, maturing in March 2012. As of June 30, 2011 the adjusted amount totals R$ 257.

(iii) On May 28, 2009, a Private Loan Agreement was executed by and between Estácio Participações S.A. and Escuela de Informática S.R.L., an entity based in the City of Montevideo, Uruguay, owned by controlling shareholder João Uchoa Cavalcanti Netto until March 31, 2011, in the amount of US$ 1,200 thousand, equivalent to R$ 2,340. The amount adjusted by the contractual interest rate to December 31, 2010 totals R$ 3,153. The loan was intended for working capital adequacy and investments of Escuela de Informática S.R.L.

On the same date, a Share Purchase Option Agreement and Other Covenants was entered into by and between these entities, whereby Estácio Participações S.A. has the right to exercise the option to purchase 80% of the shares issued by Escuela de Informática S.R.L., within 60 days from the disclosure of its financial statements for the fiscal year 2011.

The exercise price of the purchase option is the amount obtained by applying the "strike price" formula based on indicators such as Ebitda, bank debt and contingencies.

On January 28, 2010, management approved the formal execution of an Amendment to this agreement, thereby authorizing the Company's executive board to change the period for payment of compensation interest to the date of amortization of the principal of the loan.

On March 31, 2011, a Share Purchase Option Agreement and Other Covenants was entered into by and between Estácio and João Uchoa Cavalcanti Netto, whereby the former acquires from the latter all the shares held in the Uruguayan company Escuela de Informática SRL, represented by 40 shares or 80% of its capital. Under the same agreement, João Uchoa Cavalcanti Netto paid Estácio R$ 3,153 as a compensation for any contingencies and liabilities assumed as a result of the transfer of this ownership. This value was recorded as a reduction of operating expenses in Estácio at March 31, 2011.

On that very date, a Settlement Agreement was entered into between Estácio and Escuela de Informática SRL, whereby the former grants the latter a debt waiver on the loan agreement, conditional upon the execution of the agreement for transfer of Estácio shares to the non-controlling shareholder holding 10 shares or a 20% stake in the company. Under this agreement, Estácio was also acquitted of its obligations in connection with the management contract. The amount of the debt waiver was recorded as financial expenses. Moreover, a Settlement Agreement was entered into whereby Estacio sold to the non-controlling shareholder all the shares it had purchased from João Uchôa Cavalcanti Netto, and agreed to pay to the non-controlling shareholder the amount of US$ 150 thousand, in the form of compensation for any problems arising from the management contract.

Management fees paid by the Company and its subsidiaries are presented in Note 20.

(In thousands of reais, except where otherwise stated)

6. Investments in subsidiaries

Changes in investments

	12/31/2010	Acquisitions	Equity valuation adjustment	Options granted	Equity pickup	Future capital contribution (Note 6)	6/30/2011
Investment							
SESES	239,372			1,300	20,015	62,266	322,953
IREP	287,406				24,240		311,646
SESSA	3,645		173		(118)		3,700
NOVA ACADEMIA		15,078			(945)	196	14,329
ESTACIO EDITORA		5			(224)	250	31
Total	**530,423**	**15,083**	**173**	**1,300**	**42,968**	**62,712**	**652,659**

	SESES	IREP	SESSA	NOVA ACADEMIA	ESTÁCIO EDITORA
Ownership interest	100%	100%	100%	100%	100%
Units of interest held	127,247	209,500	10,607	1057	1
Paid-up capital	127,247	209,500	3,035	1057	1
Equity					
June 30, 2011	249,788	249,204	3,699	(401)	(224)
December 31, 2010	113,337	224,131	3,645		
Reserve balance – PROUNI					
June 30, 2011	12,080	15,463			
December 31, 2010	12,080	15,463			
Net income (loss) for the year					
June 30, 2011	20,015	24,240	(120)		
December 31, 2010	10,332	72,010	563		
Future capital contribution					
June 30, 2011	73,166			196	250
December 31, 2010	126,035	832			
Goodwill on investment acquisition					
June 30, 2011		62,442		14,534	5
December 31, 2010		62,442			
Total investment:					
June 30, 2011	322,953	311,646	3,698	14,329	31
December 31, 2010	239,372	287,406	3,645		

Total investment:	
June 30, 2011	652,659
December 31, 2010	530,423

Equity pickup recorded by the Company comprises the amount of the PROUNI tax incentive recorded in the subsidiaries' result, as established by Law No. 11638/07, in the amount of R$ 13,164 (R$ 27,543 for the year ended December 31, 2010).

The accounting information used for application of the equity method of accounting was prepared as of June 30, 2011.

(In thousands of reais, except where otherwise stated)

7. Property and equipment

	Land	Buildings	Leasehold improvements	Furniture and fixtures	Computers and peripherals	Machinery and equipment	Physical activities/ hospital equipment	Library	Facilities	Other	Construction in progress	Decommissioning of assets	Balance after effect of new practice
Balances at December 31, 2010	21,483	53,455	24,571	18,818	18,230	15,857	7,550	35,255	4,370	2,705	4,484	4,180	210,958
Acquisitions			463	2,196	784	1,331	91	1,713	1,418	234	465		8,695
Additions		58	3,050	2,210	15,422	1,712	1,068	2,414	385	411	10,235		36,965
Disposals			(27)	(68)	(58)	(16)	(8)	(17)		(21)			(215)
Transfers		(123)	1,724	-	(2)		212				(1,811)		-
Depreciation/amortization		(650)	(2,399)	(1,114)	(5,171)	(1,054)	(322)	(1,045)	(291)	(176)		(726)	(12,948)
Balances at June 30, 2011	21,483	52,740	27,382	22,042	29,205	17,830	8,591	38,320	5,882	3,153	13,373	3,454	243,455
Balances at June 30, 2011													
Total cost	21,483	90,050	82,332	45,447	67,270	34,942	18,777	67,652	9,574	6,190	13,373		457,090
Accumulated depreciation		(37,310)	(54,950)	(23,405)	(38,065)	(17,112)	(10,186)	(29,332)	(3,692)	(3,037)		3,454	(213,635)
Net book value	21,483	52,740	27,382	22,042	29,205	17,830	8,591	38,320	5,882	3,153	13,373	3,454	243,455
Balances at December 31, 2010													
Total cost	21,483	90,120	77,293	39,972	63,949	31,322	17,186	63,003	7,613	5,572	4,484		421,997
Accumulated depreciation		(36,665)	(52,722)	(21,154)	(45,719)	(15,465)	(9,636)	(27,748)	(3,243)	(2,867)		4,180	(211,039)
Net book value	21,483	53,455	24,571	18,818	18,230	15,857	7,550	35,255	4,370	2,705	4,484	4,180	210,958
Annual depreciation rate - %		1.67%	11.11%	8.33%	25.00%	8.33%	6.67%	5.00%	8.33%	16.67%			

The property of Rebouças Campus located at Rua do Bispo, 83, owned by SESES, was pledged in connection with a judicial dispute in which the Rio de Janeiro local government is claiming payment by SESES of Local Real Estate Tax (IPTU) levied on this property. According to its legal advisors, SESES prevailed in these cases and is already seeing to the revocation of the encumbrance on the property.

In addition, as mentioned in Note 9, certain assets acquired through financing were provided as financing guarantee. The Company did not provide any other of its properties to secure transactions.

Impairment of assets

Under Accounting Pronouncement CPC 01 (IAS 36), "Impairment of Assets", property and equipment items that present evidence that their recorded costs exceed their recoverable value (market value) shall be reviewed to determine the need of setting up provision for impairment. Management performed an annual analysis of operating and financial performance of its assets and did not identify changes in circumstances or indication of technological obsolescence. At June 30, 2011 and December 31, 2010, there was no need of recording any provision for impairment of fixed assets.

The Company carries out annual analyses for impairment purposes, the last of which occurred for the year ended December 31, 2010, addressing goodwill on investment acquisitions and mergers, based on expected future profitability, considering projections of future results for the next five years, at the nominal perpetuity growth rate of 4.5% p.a. (equivalent to long-term inflation rate, not considering any actual growth) and a single nominal discount rate of 13.9% to discount estimated future cash flows. Asset impairment testing did not result in the need of recognition of losses.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and the impairment loss is posted to the income statement.

The main assumptions used to estimate value in use are:
Revenues – Revenues were projected for the period 2011 to 2015 considering growth in the students base of the cash generating unit.

Operating costs and expenses – Costs and expenses were projected considering the Company's historic performance, as well as historical revenues.

Capital investments – Such investments were estimated considering acquisition of new units and improvements.

The key assumptions were based on the Company's historical performance and reasonable macroeconomic assumptions based on financial market projections, duly documented and approved by Company management.

(In thousands of reais, except where otherwise stated)

8. Intangible assets

	Consolidated							
	Goodwill on investment acquisition	Software	Integration and distance learning project	CSC Project	Learning Center	Relationship Center	Other	Total
Balances at December 31, 2010	90,694	13,037	10,193	1,313	16,688	2,348	2,412	136,685
Additions	65,366	7,275			7,731		2,986	83,358
Exclusions								
Transfers								
Exchange variation								
Depreciation/amortization		(1,920)	(1,102)	(194)	(956)	(235)	(15)	(4,422)
Balances at June 30, 2011	156,060	18,392	9,091	1,119	23,463	2,113	5,383	215,621

	Consolidated							
	Goodwill on investment acquisition	Software	Integration and distance learning project	CSC Project	Learning Center	Relationship Center	Other	Total
Balances at June 30, 2011								
Total cost	162,984	45,898	14,255	1,940	25,854	2,348	5,428	258,707
Accumulated amortization	(6,924)	(27,506)	(5,164)	(821)	(2,391)	(235)	(45)	(43,086)
Net book value	156,060	18,392	9,091	1,119	23,463	2,113	5,383	215,621
Balances at December 31, 2010								
Total cost	97,618	38,622	14,254	1,940	18,123	2,348	2,441	175,346
Accumulated depreciation/ amortization	(6,924)	(25,585)	(4,061)	(627)	(1,435)		(29)	(38,661)
Net book value	90,694	13,037	10,193	1,313	16,688	2,348	2,412	136,685

(In thousands of reais, except where otherwise stated)

At June 30, 2011 and December 31, 2010, goodwill on investment acquisition comprised the following:

				Consolidated	
				6/30/2011	12/31/2010
	Cost	Accumulated amortization	Exchange variation	Net	Net
Goodwill on investment acquisition					
IREP	96,014	(6,924)		139,784	89,090
ATUAL	19,830				
FAL	11,739				
FATERN	19,125				
SESSA	2,097		(360)	1,737	1,604
NOVA ACADEMIA	14,534			14,534	
EDITORA ESTACIO	5			5	
	163,344	(6,924)	(360)	156,060	90,694

The Company carries out annual analyses for impairment purposes, the last of which occurred for the year ended December 31, 2010, addressing goodwill on investment acquisitions and mergers, based on expected future profitability, considering projections of future results for the next five years, at the nominal perpetuity growth rate of 4.5% p.a. (equivalent to long-term inflation rate, not considering any actual growth) and a single nominal discount rate of 13.9% to discount estimated future cash flows. Asset impairment testing did not result in the need of recognition of losses.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and the impairment loss is posted to the income statement.

The main assumptions used to estimate value in use are:
Revenues – Revenues were projected for the period 2011 to 2015 considering growth in the students base of the cash generating unit.

Operating costs and expenses – Costs and expenses were projected considering the Company’s historic performance, as well as historical revenues.

Capital investments – Such investments were estimated considering acquisition of new units and improvements.

The key assumptions were based on the Company’s historical performance and reasonable macroeconomic assumptions based on financial market projections, duly documented and approved by Company management.

(In thousands of reais, except where otherwise stated)

9. Loans and financing

Type	Financial charges	Company		Consolidated	
		6/30/2011	12/31/2010	6/30/2011	12/31/2010
Local currency					
Working capital	1.70% p.m. and/or CDI + 0.25% p.m.			1,876	108
Lease agreements	IGPM + 12.3% p.a.			35	682
Lease agreements	11.8% to 22.1% p.a.			125	124
FINAME contracts	80% of agreement: 4.5% p.a.	8,538	8,608	8,538	8,608
	20% of agreement: 7% p.a.				
IFC loan	CDI + 6 month Libor	48,498		48,498	
		57,036	8,608	59,072	9,522
Current liabilities		2,093	1,089	4,129	1,760
Non-current liabilities		54,943	7,519	54,943	7,762
		57,036	8,608	59,072	9,522

The amounts recorded in non-current liabilities at June 30, 2011 and December 31, 2010 present the following maturity schedule:

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
2012	1,253	2,149	1,253	2,390
2013	5,383	2,148	5,383	2,148
2014	8,616	2,148	8,616	2,148
2015	7,361	1,074	7,361	1,076
2016	6,466		6,466	
2017	6,466		6,466	
2018	6,466		6,466	
2019	6,466		6,466	
2020	6,466		6,466	
Non-current liabilities	**54,943**	**7,519**	**54,943**	**7,762**

Promissory notes endorsed by members and leased assets were given in guarantee of the lease agreements.

(In thousands of reais, except where otherwise stated)

10. Payroll and related charges

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
Payroll and related charges payable	214	220	43,204	42,571
Accrued vacation pay	7		29,996	15,434
Christmas bonus	5		17,179	
	226	220	90,379	58,005

11. Taxes payable

	Company		Consolidated	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
ISS payable	18	31	6,731	3,538
IRRF payable	48	68	2,116	5,603
IRPJ payable			1,800	6,606
CSLL payable		7	674	2,425
PIS and COFINS payable	61	148	1,037	701
	127	254	12,358	18,873

12. Tax installments

	Consolidated	
	6/30/2011	12/31/2010
IRPJ	72	
CSLL	11	
FGTS	30	
ISS	172	48
PIS	83	14
COFINS	297	18
INSS	4,418	1,611
IPTU	86	106
Other taxes payable	148	
	5,317	**1,797**
Current liabilities	322	284
Non-current liabilities	4,995	1,513
	5,317	**1,797**

These refer to local, federal and social security taxes payable in installments. Monthly installments amount to nearly R$ 25, there remaining 38 and 149 installment payments, which are expected to end in August 2014, and November 2024, respectively.

(In thousands of reais, except where otherwise stated)

At June 30, 2011, subsidiaries Atual and FAL had R$ 3,005 and R$ 353 in taxes payable in installments, respectively.

	Consolidated
2012	415
2013	395
2014	395
2015	395
2016	395
2017 to 2024	3,000
	4,995

13. Advances under agreements

On March 24, 2004, a partnership agreement was entered into between SESES and affiliates (including Controlling Entities) and Unibanco – União de Bancos Brasileiros S.A., effective until March 24, 2009. The purpose of such agreement was granting exclusivity/preference to Unibanco with respect to the offering and provision of products and services to students, employees and suppliers, as well as for Unibanco to be the main provider of financial services. In return, Unibanco made an advance payment equivalent to R$ 4,000 to SESES and Controlling Entities to be offset on a monthly basis over the life of the agreement based on a method established by the parties.

On August 3, 2006, a partnership agreement was entered into between SESES and affiliates (including Controlling Entities) and Unibanco, effective until July 31, 2011. The purpose of such agreement was granting exclusivity/preference to Unibanco with respect to the offering and provision of products and services to students, employees and suppliers, as well as for Unibanco to be the main provider of financial services.

In exchange for the exclusivity granted to Unibanco, and for maintaining such a condition during the term of the agreement, i.e. until July 31, 2011, Unibanco paid to SESES and Controlling Entities a fixed amount of R$ 15,954, which has been posted to income over the term of the agreement. On February 18, 2008, without significant changes in the main contractual clauses, the parties entered into a new agreement extending the partnership until February 18, 2018. In consideration for the exclusive rights granted to Unibanco while the agreement remains effective, Unibanco paid the Company an additional amount of R$ 18,000. At June 30, 2011, the balance related to amounts advanced in connection with the partnership agreement amounted to R$ 19,243 (R$ 20,687 - December 31, 2010), recorded under non-current liabilities, which will be amortized over the life of the agreement.

(In thousands of reais, except where otherwise stated)

14. Provision for contingencies

Subsidiaries are involved in several civil, labor and tax proceedings at different court levels. Management, based on the opinion of its external legal advisors, recorded a provision in an amount considered sufficient to cover potential losses arising from pending litigation.

At June 30, 2011, the provision for contingencies comprised the following:

	Consolidated	
	Provision for contingencies	Court deposits
Balances at June 30, 2011		
Civil	5,699	8,961
Labor	23,089	35,122
Tax	4,671	6,254
Total balance	33,459	50,337
Balances at December 31, 2010		
Civil	6,403	4,765
Labor	24,330	27,062
Tax	5,711	6,254
Total balance	36,444	38,081

Changes in the provision for contingencies are as follows:

	Consolidated			
	Tax	**Labor**	**Civil**	**Total**
Balances at December 31, 2010	5,711	24,330	6,403	36,444
Additions	8	4,229	440	4,677
Reversals	(8)	(2,657)	(1,656)	(4,321)
Payments	(12)	(2,813)	(516)	(3,341)
Balances at June 30, 2011	5,699	23,089	4,671	33,459

a) Civil proceedings

Most proceedings mainly involve compensatory claims for material damages and pain and suffering arising from undue collections, late issuance of diplomas, failure to return summer course registration fees, among other matters of an operational and/or educational nature.

Our legal advisors gathered information, assessed and measured the civil-related proceedings and, in order to cover probable losses on such claims, management records a provision in the amount of R$ 4,671 at June 30, 2011 (R$ 6,403 at December 31, 2010).

The main lawsuit involving probable loss is related to a claim for damages that was filed against SESES in connection with an accident resulting from a stray bullet which shot a student at the Rebouças Campus. The trial court ruling considered the claim was partially grounded and established that the Company should pay to the student: (a) the amount of R$600 for pain, suffering and aesthetical damages; (b) monthly pension in the amount of a minimum salary until the student turns 65 years of age; and (c) the amount of medical treatment necessary for her recovery, the amount of which is to be determined in the subsequent ruling settlement phase. The ruling also granted indemnification for pain and suffering to her parents in the amount of R$ 100 each, and R$50 to each of her siblings, for the same purpose. The parties filed appeal against this ruling. The Company's appeal was partially granted to reduce indemnification for pain and suffering and aesthetical damages due to the student to R$ 400. As to the student's appeal, it was also partially granted, converting pension granted to the student into life-long pension and determining that a provision guaranteeing such pension should be set up. The court ruling also established that the Company should pay the psychological treatment costs of the victim's parents and siblings. The claimants, not agreeing with the ruling handed down on the student's appeal, lodged request for reconsideration of ruling. Such request was granted for the increase of the indemnification amount due to the victim for pain, suffering and aesthetical damages to R$ 600, re-enacting trial court ruling specifically in this respect. The parties lodged special appeals against the aforementioned rulings. The amount of the recorded provision at June 30, 2011 aggregates R$ 1,295.

Our legal advisors gathered information, assessed and quantified the various civil-related proceedings for which the likelihood of loss is possible, aggregating the value at June 30, 2011 of R$ 37,476 (R$ 35,594 at December 31, 2010).

The major suits for which the likelihood of loss is possible are shown below:

(i) Suit for Collection of Rent Payments and Other Obligations against IREP and its guarantor under the Sublease Agreement for the property located at Rua Coronel Luiz Barroso, no. 566, currently Rua Dr. Antonio Bento, no. 509, entered into on January 1, 1998 and terminated on September 15, 2008, when the keys were surrendered. In summary, with this suit, the plaintiff claims that the defendants be ordered to pay (i) unpaid rent differences of R$ 496; (ii) the amount necessary to repair the property, defined at R$ 1,080, as duly supported by three quotes obtained and presented by the plaintiff; (iii) rent payments for the period in which the property has been/will be supposedly unavailable for use, in view of its allegedly poor state of repair, for the time required for completion of repairs; (iv) penalty equivalent to three months' rent, for alleged breach of the obligation to submit the property's documentation and to return the property in usable conditions. On February 3, 2009, hearing was held by the Grievance Settlement Department of the Central Court, which was to no avail. The case is currently at the fact-finding stage, especially the production of expert evidence, and an expert report was prepared by a forensic expert and duly notarized;

(ii) Claim for damages filed by Hudson José Roque Lima et al against STB, which claims granting of clinical lab technologist certificates in connection with a course that was extinguished by the Ministry of Education - MEC, as well as compensation for damages and pain and suffering. The case is at the fact-finding stage, and requests for production of testimonial and documentary evidence have been made, to be analyzed by the court. The court records have been before the judge from July 1, 2010 to date. The amount involved in this case was estimated at R$ 1,161;

(iii) Class action suit together with a motion for interim relief filed by the Federal Department of Justice against several educational institutions, including SESES, seeking to refrain the defendants from collecting charges for issuing a first copy of the course conclusion certificate and to repay an amount equivalent to double the charges collected from students who have already graduated and obtained their certificates. Relief was granted to suspend collection of the first certificate copy fees. SESES had stopped collecting such charge before relief was granted, and an order was subsequently published in the official press, on April 16, 2010, requesting the defendants to provide answers and evidence. The plea was held partially valid by the court and SESES was ordered to refrain from collecting any amounts for issuing and registering a first copy of the course conclusion certificate. SESES already complies with the court order as it no longer charges certificate issuance fees. Accordingly, this decision does not produce financial impacts. The amount involved in this case was estimated at R$ 1,000.

b) Labor proceedings

Main labor claims refer to overtime, unused vacation time, recognition of employment relationship, salary parity and salary differences arising from the decrease in the working hours of certain teachers. Our legal advisors gathered information, assessed and measured the labor-related claims and, in order to cover probable losses on such claims, management records a provision in the amount of R$ 23,089 at June 30, 2011 (R$ 24,330 at December 31, 2010).

Among the main labor claims rated as probable losses, we highlight:

(i) Labor claim filed by the Union of School Administrative Assistants of Espírito Santo State against SESES, seeking payment, in favor of SESES's administrative staff, of private pension amounts owed under Clause 10 of the Collective Labor Agreement, which establishes that 6% of the total payroll of administrative assistants should be paid to a private pension entity, to be equally allocated among the employees participating in the plan. Currently, the case is at the execution stage, awaiting trial of the appeal that was lodged against the decision which partly upheld the motion for stay of execution filed by SESES. The estimated amount is R$ 1,905; and

(ii) Labor claim brought by a former employee against SESES, seeking reinstatement to the position of teacher, alleging that his termination process was not properly submitted for prior evaluation of the then Departmental Council, an internal collegial body existing at the time the plaintiff was hired. Additionally, the plaintiff claims that the Company should be ordered to pay the amount corresponding to double vacation pay plus legally ensured 1/3 vacation pay bonus, among other minor requests. Currently, the case is at the execution stage and motion for stay of execution was presented by the Company. The case estimated amount is R$ 1,560.

Our legal advisors gathered information, assessed and measured the various labor-related proceedings rated as possible losses in the amount of R$ 68,553 at June 30, 2011 (R$ 54,030 at December 31, 2010).

(i) Lawsuit filed by the Teachers' Union of Rio de Janeiro City against SESES, whereby the entity claims the payment of salary adjustment to the Company's faculty (about 5,595 teachers when suit was filed), as defined in the Collective Bargaining Convention: from April 1, 2004, 3% on salary payable in October 2003, and, from October 1, 2004, 6.62% on salary payable in October 2003. It also claims a fine of 10% on base salary of each teacher replaced due to noncompliance with collective labor rules. The case is at the appeal stage, awaiting judgment of the appeal lodged by SESES, and its estimated amount is R$ 1,200;

(ii) Lawsuit filed by the Federal Labor Prosecution Office against SESES, challenging the legality of the amendment made by the Company in employment agreements executed with hourly-based teachers, with the consequent change in the calculation of salary payments, and the legality of the labor procedure of having teachers on its faculty with no classes, a situation where employment agreements may be tacitly and unilaterally interrupted. The case is temporarily off the trial calendar, because of the settlement negotiations being conducted between the involved parties. The case estimated amount is R$ 500;

(iii) Enforcement action filed by Teacher's Union of Minas Gerais State, claiming the payment of salary differences arising from the supposed noncompliance with salary parity standards that should apply to the Company's faculty, in addition to payment of a 10% fine as defined in the Collective Bargaining Convention for failure to comply with obligations thereunder. The case is at the fact-finding stage, especially the production of expert evidence. The amount assigned to the case by the plaintiff is R$ 50.

(c) Tax contingencies

Our legal advisors gathered information, assessed and measured the various tax-related proceedings and, in order to cover probable losses on such claims, Management records a provision in the amount of R$ 5,699 at June 30, 2011 (R$ 5,711 at December 31, 2010).

Among the main tax proceedings for which a provision was not recorded in the Quarterly Information since they were assessed by the legal advisors as involving possible or remote losses, totaling R$ 25,056 at June 30, 2011, we highlight:

(i) Brazilian IRS issued 27 tax delinquency notices against SESES, due to alleged debts of social security contributions for 2003, 2004 and 2005, and noncompliance with accessory obligations, and a listing of SESES's properties was recorded in connection with the total amount of the notices. These notices mainly contest SESES's fulfillment of legal requirements to be recognized as a social welfare non-profit entity and its corresponding right to the exemption from paying social security contributions, a condition that it held up to February 9, 2007, when it was converted into a profit-oriented company. The related oppositions were filed on January 22, 2009, whereby SESES held, in brief, that it has always been in full compliance with all legal requirements for entitlement to such right of exemption from social security contributions until the date it changed its legal form. By December 31, 2010, SESES had received 5 (five) first administrative level decisions. Of these decisions, (a) 3 (three) were favorable to SESES, involving a total amount of approximately R$ 33, and relating exclusively to the fact that the Internal Revenue Service recognized a clerical error in the factual and legal basis of the notices, and (b) 2 (two) were unfavorable and maintained the levy of accessory fines only, in the amount of R$12 each, due to alleged non-compliance with a tax summons to present documents or information requested by tax auditors. As a result of such unfavorable decisions, SESES lodged the respective voluntary appeals. The administrative proceedings with fully favorable decisions to SESES were dismissed. During the months of February and March 2011, SESES and Estácio Participações were served 9 notices to acknowledge the decisions handed down by the Brazilian IRS appellate level, granting partial approval to the respective challenging parties, and to acknowledge the loss of procedural rights and withdrawal of the assessments relating to the period from January 2003 to November 2003, with the remaining arguments of the tax audit having been sustained. Upon handing down of such decisions, voluntary appeals were filed, which are awaiting trial in the Board of Tax Appeals. Because of the effects of the loss of procedural rights to collect alleged debts from January 2003 to November 2003, the total amount involved in these assessments reduced from R$ 508,813 to R$ 327,631. According to the opinion of our legal advisors, the possibility of loss in these cases remains remote.

(ii) Class action suit filed by Luiz Claudio de Lemos Tavares against SESES and the Company in order to annul the Welfare Charitable Entity Certificate (CEBAS), related to the three year period 2001 to 2003 and, consequently, for SESES to pay unpaid taxes due to its tax immunity. On September 22, 2009, a ruling was handed down stating that it would not be legitimate to consider the Company as debtor. On November 26, 2010, an appeal requesting clarification of decision was lodged by claimant, which was rejected pursuant to the decision issued on February 11, 2011. An appeal was lodged by the claimant on March 1, 2011, and is pending judgment. Our legal advisors assess an unfavorable outcome on the case as remote and its updated amount aggregates R$187,771 (amount assigned by the claimant);

(iii) A tax notice was served by the Rio de Janeiro City Tax Department against SESES, indicating the following alleged violations: (i) failure to pay ISS on college educational services, in the period January 2005 to January 2007, for having transferred all of its equity in February 2007 to a “new limited liability company”; (ii) unpaid ISS on college educational services, in the period February 2007 to July 2009, for failure to include the amount relating to scholarships awarded through PROUNI in the ISS tax base; and (iii) insufficient ISS amounts withheld and paid for services rendered by property security, surveillance, maintenance and cleaning firms from January 2005 to May 2009. On February 19, 2010, the Company filed an opposition against the referred to tax notice. The case is pending a decision by the court of first instance. The updated tax notice amount aggregates R$ 145,141. Our outside legal advisor assessed that the case involves a remote unfavorable outcome;

(iv) Common civil action filed by SESES against the Federal Government/National Treasury, seeking authorization to pay social security contributions on an escalated basis as defined by Article 13 of Law No. 11096/05 (“PROUNI Act”), with this escalation starting in the first month in which the general meeting that authorized its transformation into a for-profit entity was held, namely February 2007, resulting therefore in the following escalated payment of contributions by SESES: 20% in 2007; 40% in 2008; 60% in 2009; 80% in 2010; and 100% in 2011, notwithstanding the understanding of INSS inspectors, who claim that the 5 (five) year period for application of the escalated rates as defined in article 13 of PROUNI Act should start to be counted from the date of publication of this Act, which occurred in 2005. SESES also requests an interim relief so that the National Treasury refrains from refusing to issue a Tax Liability Certificate with Clearance Effects regarding amounts payable to the Social Security and Third Parties, as well as to perform any other acts intended to demand from SESES alleged debts included in the “Consultation of Good Standing with the Social Security”, with their payment liability being suspended or even those arising from SESES interpretation of Article 13 of Law No. 11096/05. A ruling was published on August 16, 2010 dismissing SESES claim, against which an appeal was lodged on September 1, 2010. On October 7, 2010, Federal Government filed its brief of appellee. On October 27, 2010 the case was assigned to the third specialized panel of the Federal Regional Court, and is in process of conclusion. Our outside legal advisors assessed that the case involves a possible loss and its updated amount is R$ 10,713;

(v) Tax notices were served by the City of Niterói on SESES, demanding payment of ISS for the period January 2004 to January 2007, considering the suspension of its tax immunity by the City Public Administration based on the supposed noncompliance with the requirements for entitlement to tax immunity as defined in article 14 of the National Tax Code (CTN), i.e. for having failed to present the tax and accounting bookkeeping as required by applicable law. Additionally, several fines for breach of ancillary obligations are required, some without any legal support and others that may have been imposed for purposes of confiscation. Voluntary appeals were lodged against the lower administrative level rulings dismissing the oppositions filed by SESES. The case is pending a higher administrative level ruling. The tax notices total R$ 11,073, which were assessed by our outside legal advisor as involving a possible loss;

(vi) Declaratory Action and Claim for Tax Refund filed by SESES against the Federal Government, challenging the legal requirement to pay Social Contribution Tax on Gross Revenue for Social Integration Program (PIS). This suit aims at declaring the non-existence of a legal-tax relationship for purposes of payment of PIS, once the Company held a Welfare Entity Certificate (CEBAS), in addition to recognition of the right to refund of amounts paid over the past ten years. The courts of first and second instances handed down favorable decisions to the Company, acknowledging its tax-immunity and tax credit for overpaid amounts. A special appeal filed by the Company in order to increase lawyers’ fees and an extraordinary appeal lodged by the Federal Government seeking dismissal of the original plea are pending trial. On account of this suit, the amount of R$ 5,358, which would be due in the form of PIS (1% of payroll) until SESES had not changed from a civil non-profit entity to a profit-oriented company, on February 9, 2007, has been deposited with the courts;

(vii) Tax notice issued by Brazilian IRS against SESES, due to alleged COFINS debts for 1996, considering that the Institution did not meet all the legal requirements to qualify as a social welfare entity and its right to tax immunity. This tax notice continues being discussed at the administrative level, specifically at the Board of Tax Appeals. Our outside legal advisors assessed the case as involving possible loss of which the updated amount is R$ 3,490;

(viii) Action for Annulment filed by SESES against the Federal Government, seeking to reverse the tax credit dealt with in Tax Payment Notice No. 86202/2008, based on the collection of social security contributions supposedly due in the period between December 2005 and February 2008. The case is currently at the fact-finding stage, pending a lower administrative level ruling. Our outside legal advisors rated this case as a possible loss and the adjusted amount involved is R$ 2,484;

(ix) Tax notice issued by Brazilian IRS claiming payment by SESES of Social Contribution on Gross Revenue for Social Security Financing (COFINS), for the period January 31, 2006 to January 31, 2007, supposedly levied on revenues not arising from the company's own activities. The Company filed an opposition on October 13, 2010, which is currently pending analysis. Our outside legal advisors assessed that this case involves a possible loss estimated at R$ 1,639; and

(x) Tax collection proceedings brought against IREP (legal successor to the rights and obligations of the merged company Sociedade de Ensino Superior de Sergipe Ltda.), based on the debt included in tax assessment No. 132460, referring to ISS amounts allegedly due from January 2003 to January 2007. A challenge prior to procedures to determine grounds for execution was filed on March31, 2011. This case involves a risk of loss rated as possible by our legal advisors, and an adjusted amount of R$ 3,365.

15. Equity

a) Capital

Capital may be increased by the Board of Directors, regardless of any amendment to the bylaws, up to the limit of 1,000,000,000 (one billion) shares. At June 30, 2011, capital comprises 82,251,937 common shares.

(In thousands of reais, except where otherwise stated)

The Extraordinary General Meeting held on August 31, 2010 approved the Merger Protocol for the merger of Moena Participações S.A. into the Company. The merger will result in financial benefits for the merging company. Goodwill originally recorded by the merged company due to future profitability of the merging company, in the amount of R$ 171,129, arising from acquisition in 2008 of shares issued by the merging company, will be amortized for tax purposes over the period of 60 months on the terms of ruling tax legislation, based on expected future taxable income. The Company's management is reviewing the business plans related to expected future taxable income to support recording of tax credits related to the referred to goodwill and the related tax credits will only be recorded if and when there is prospects for realization thereof and to the extent use thereof is probable. No tax credit was recorded at June 30, 2011 in connection with this merger process.

The Company's shareholding structure at June 30, 2011 and December 31, 2010 is:

Shareholders	**6/30/2011**	**%**	**12/31/2010**	**%**
Private Equity C, LLC	15,290,208	18.6%	15,290,208	18.6%
GPCP4 – Investment Fund in Participations	426,804	0.5%	426,804	0.5%
Management and Officers (1)	3,486,906	4.2%	4,246,053	5.2%
Treasury	59,000	0.1%	15,300	0.1%
Other (2)	62,989,019	76.6%	62,059,676	75.6%
	82,251,937	100.0%	82,038,041	100.0%

1. Consider the shares of Marcel Cleofás Uchôa Cavalcanti, member of the Board of Directors.
2. Consider the shares of André Cleofás Uchôa Cavalcanti as outstanding shares after the 2010 IPO.

(In thousands of reais, except where otherwise stated)

b) Changes in shares

Number of book entry shares, with no par value.

At January 1, 2010	78,585,066
Issue of common shares, in connection with exercise of options granted - General Shareholders' Meeting of 1/28/2010	32,121
Issue of common shares, in connection with exercise of options granted - General Shareholders' Meeting of 4/29/2010	122,431
Issue of common shares, in connection with exercise of options granted - General Shareholders' Meeting of 7/29/2010	12,225
Issue of common shares, in connection with exercise of options granted - General Shareholders' Meeting of 10/6/2010	3,280,324
Issue of common shares, in connection with exercise of options granted - General Shareholders' Meeting of 10/28/2010	5,874
Issue of common shares, in connection with exercise of options granted - General Shareholders' Meeting of 4/20/2011	213,896
At June 30, 2011	82,251,937

c) Treasury stock

The Board of Directors' held a meeting on May 12, 2010 and approved the Company's share repurchase plan, completed on May 11, 2011. The shares may be kept in treasury, subsequently cancelled and/or disposed of, or used in connection with the exercise, if any, of options granted under the Company's stock option plans. The program provides for repurchase of up to 1,527,788 shares.

Until June 30, 2011 and after completion of this program, the Company had purchased 59,000 shares, at an average R$ 22.49 per share as at June 30, 2011, and market price of R$ 20.00 per share as at that date.

(In thousands of reais, except where otherwise stated)

Changes in treasury stock:

	Common	**Balance**
Acquisition on May 14, 2010	500	9
Acquisition on May 17, 2010	200	4
Acquisition on May 18, 2010	500	9
Acquisition on May 20, 2010	500	9
Acquisition on May 21, 2010	1,400	27
Acquisition on May 24, 2010	2,000	38
Acquisition on May 25, 2010	900	17
Acquisition on May 26, 2010	1,100	21
Acquisition on May 27, 2010	200	4
Acquisition on June 8, 2010	200	4
Acquisition on June 9, 2010	300	6
Acquisition on June 10, 2010	500	10
Acquisition on June 14, 2010	500	10
Acquisition on June 17, 2010	700	14
Acquisition on June 18, 2010	1,900	38
Acquisition on June 21, 2010	1,400	28
Acquisition on June 23, 2010	1,500	28
Acquisition on June 24, 2010	200	4
Acquisition on June 29, 2010	500	10
Acquisition on July 15, 2010	300	6
Acquisition on February 8, 2011	4,000	89
Acquisition on February 9, 2011	2,200	49
Acquisition on February 10, 2011	9,100	200
Acquisition on February 18, 2011	1,200	29
Acquisition on February 21, 2011	900	22
Acquisition on February 23, 2011	4,500	108
Acquisition on February 25, 2011	6,300	151
Acquisition on March 22, 2011	700	18
Acquisition on March 23, 2011	4,700	117
Acquisition on March 24, 2011	1,500	38
Acquisition on March 25, 2011	6,600	162
Acquisition on March 28, 2011	2,000	48
	59,000	1,327

Average acquisition cost per share at June 30, 2011	**22.49**
Market value per share at June 30, 2011	**20.00**

d) Capital Reserve

d.1) Share premium

Upon its initial organization, SESES was recognized as a non-profit entity and, therefore, was entitled to tax immunity and exemption, being recognized as an entity of public interest at the federal and state levels. On February 9, 2007, when its form of business organization changed to a for-profit entity, SESES became subject to the tax burden levied on business entities, except for exemptions in connection with the enrollment under the PROUNI Program. Similarly to SESES, although not philanthropic in nature, the Controlling Entities were also recognized as non-profit entities when they were established, being entitled to certain tax exemptions up to September 30, 2005, on which occasion their form of business organization changed to business entities.

Upon capital increase referred to above, the Company's shareholders assigned the stock issue price at R$ 27,072, whereas assets used for capital subscription indicated that SESES' and the Controlling Entities' units of interest had a book value of R$ 123,554.

This capital increase (R$ 27,072) is equivalent to funds actually contributed by the controlling shareholders, in the form of initial capital or capital increase through capitalization of profits and income reserves generated after SESES and the Controlling Entities became business entities. The difference (R$ 96,482) between the amount assigned to the assets by subscribing shareholders and the book value of such assets was recorded by the Company under a specific capital reserve account (share subscription premium) and refers substantially to the remaining balance of retained earnings of subsidiary companies (SESES and the Controlling Entities) before their form of business organization changed from nonprofit entities to business entities.

d.2) Option grants

The Company established a capital reserve for Options Granted in the amount of R$ 1,300 for the quarter ended June 30, 2011 (R$ 5,894 for the year ended December 31, 2010), as mentioned in Note 20 (b). As required by the applicable technical pronouncement, the fair value of options was determined on the grant date and has been recognized over the vesting period until the date of this individual and consolidated quarterly information.

e) Equity valuation adjustments

Pursuant to Technical Pronouncement CPC 02 (R) (IAS 21), foreign exchange gains and losses on investments abroad are to be directly recognized in the Company's equity. Accordingly, the Company records negative R$ 232 in "Cumulative translation adjustments" as at June 30, 2011, referring to the translation of the quarterly information of its foreign subsidiary SESSA.

f) Income reserves

f.1) Legal reserve

The legal reserve is set up on the basis of 5% of net income for the year until its balance reaches 20% of the amount of paid-in capital, or 30% of capital, plus capital reserves. After this limit is reached further accrual of such reserve is not necessary. Capital reserves may only be used to increase capital or offset accumulated losses.

f.2) Profit retention reserve

This reserve is intended to be used in scheduled investments as per the capital budget, in conformity with article 196 of Brazilian corporation law.

(In thousands of reais, except where otherwise stated)

16. Financial income (expenses)

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Financial income				
Late payment fines and interest received			6,873	7,199
Yield on short-term investments	949	2,008	4,957	7,197
Other	385	742	800	559
	1,334	2,750	12,630	14,955
Financial expenses				
Bank expenses	25	1	2,293	2,251
Interest and financial charges	445	53	1,843	526
Debt waiver	3,298		3,298	
Financial discounts			3,856	2,943
Other	59	17	1,787	2,334
	3,827	71	13,077	8,054

Financial discounts refer to the discounts granted upon renegotiation of overdue monthly tuition fees.

17. Income and social contribution taxes

Under Law No. 11096/2005, regulated by Decree No. 5493/2005 and Revenue Procedure No. 456/2004, on the terms of article 5 of Provisional Executive Act No. 213/2004, college educational entities while participating in the PROUNI program are exempt from IRPJ and CSLL, among other taxes, and the taxes shall be computed based on profit from tax incentive operations (“*lucro da exploração*”).

(In thousands of reais, except where otherwise stated)

Reconciliation of income and social contribution taxes determined at statutory rates and income and social contribution taxes per the income statement for the years ended June 30, 2011 and December 31, 2010 is as follows:

	Company		Consolidated	
	6/30/2011	**6/30/2010**	**6/30/2011**	**6/30/2010**
Income before income and social contribution taxes	36,651	33,558	40,539	34,169
Combined nominal rate - income and social contribution taxes	34%	34%	34%	34%
Income and social contribution taxes at statutory rates	(12,461)	(11,410)	(13,783)	(11,617)
Adjustments to derive effective rate				
Adjustments for Law No. 11638/2007			(429)	(1,254)
Equity pickup	14,609	11,761		
Nondeductible expenses (a)	(1,514)	(3)	(2,163)	(162)
Provision for bonus(a)				891
Tax loss offset	(633)	(349)	(1,268)	
Initial adjustments for adoption of new practices				1,358
Provision for contingencies			(61)	(795)
Reversal of nondeductible allowance for doubtful accounts and monthly tuition fees to be cancelled (b)			4,621	1,452
Unrecorded deferred tax credit (c)				(2,267)
Reversal of administrative provisions (d)		1		433
Other	(1)		48	100
			(13,035)	(11,861)
Tax benefit (“lucro da exploração”) - PROUNI			13,164	10,892
Income and social contribution taxes per income statement for the period			129	(969)
Effective rate	0.00%	0.00%	0.32%	-2.84%

(a) This refers basically to expenses on employee bonuses, sponsorships, donations and gifts.

(b) Nondeductible allowance for doubtful accounts refers to unpaid tuition fees overdue within 180 days, and the provision for cancellation of tuition fees.

(c) This refers to tax credits on income and social contribution tax losses and temporary differences, as yet unrecorded.

(d) This refers to the write-off of trade accounts payable that had been outstanding until 2008.

(In thousands of reais, except where otherwise stated)

Breakdown of income and social contribution tax expense presented in the consolidated income statements for the six-month periods ended June 30, 2011 and June 30, 2010 is summarized below:

	Company		Consolidated	
	6/30/2011	**6/30/2010**	**6/30/2011**	**6/30/2010**
Income and social contribution taxes for the year - current	**-**	-	129	(969)
Income and social contribution taxes for the year - deferred	**-**	-	(4,017)	358
	-	-	**(3,888)**	**(611)**

At June 30, 2011, subsidiaries SESES and IREP recorded deferred tax credits on temporary differences in the amount of R$ 14,060. Breakdown of tax effects on temporary additions from which the referred to tax credit originated is summarized below:

	6/30/2011	**12/31/2010**
Provision for contingencies	(8,580)	(10,569)
Monthly tuition fees to be cancelled		(2,028)
Provision for decommissioning of assets	(2,740)	(2,740)
	(11,320)	**(15,337)**

Deferred tax credits on temporary differences recorded at June 30, 2011 will be realized in connection with the realization of the provision that originated the tax credit. Consequently, we do not present expected annual realization, since the Company's management does not have elements to forecast realization of the provision for contingencies and the provision for decommissioning of assets.

At June 30, 2011, the Company has tax credits resulting from income and social contribution tax losses in the amount of R$ 4,099 (R$ 3,466 at December 31, 2010) not yet recorded, since it is not possible to confirm at this point whether their realization is probable.

18. Financial instruments and sensitivity analysis of financial assets and liabilities

The market value of financial assets and liabilities was determined based on available market information and appropriate valuation methodologies for each situation. However, considerable judgment is required in interpreting market data to develop the most adequate estimates of realizable value. As a result, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Company's financial assets and liabilities at June 30, 2011 and 2010, are recorded in the balance sheet for amounts that are consistent with those prevailing in the market. The main financial instruments are described below, as well as the criteria, assumptions and limitations used in the calculation of market values:

a) Cash and cash equivalents

The recorded amounts approximate market value due to the short-term maturity of these instruments.

b) Related parties

These are presented at book value, since there are no similar instruments in the market.

c) Loans and financing

These are measured at amortized cost using the effective interest rate method.

d) Accounts receivable

These are classified as financial assets held to maturity and are recorded for the contractual amounts, which approximate market value.

e) Other financial assets and liabilities

The estimated realizable value of the Company's financial assets and liabilities was determined based on available market information and adequate valuation methodologies.

Risk factors

All operations of the Company and its subsidiaries are carried out with first tier banks, which minimizes risks. Management set up allowance for doubtful accounts for an amount considered sufficient to cover possible losses on the realization of receivables; therefore the risk of incurring losses on billed amounts receivable is duly measured and recorded. The main market risk factors that affect the Company’s business are as follows:

a) Credit risk

This arises from any difficulties in collecting amounts for services rendered.

The Company and its subsidiaries are also subject to credit risk from their short-term investments.

The credit risk relating to rendering services is minimized by a strict control of the student base and active management of default levels.

With respect to credit risk associated with financial institutions, the Company and its subsidiaries operate in order to diversify their exposure among first-tier financial institutions.

b) Interest rate risk

The interest rate risk to which the Company is exposed is due to its long-term debt and, to a lesser extent, the short term debt. The debt subject to variable interest rates in reais is mainly subject to fluctuations in interest rate (TJLP) and the Interbank Deposit Certificate (CDI). Additionally, any increase in interest rates could drive up the cost of student loans, including loans under the FIES program, and reduce the demand for the courses.

c) Exchange rate risk

The Company’s income is not subject to changes due to exchange rate volatility, as it does not have significant operations denominated in foreign currency.

d) Liquidity risk

Liquidity risk consists in the possibility that the Company and its subsidiaries may not have sufficient funds to comply with their financial commitments due to the different settlement terms of their rights and obligations.

The Company's and its subsidiaries' liquidity and cash flow control is monitored on a daily basis by the Company's financial management department, in order to assure that cash flow from operations and the previous funding, when necessary, are sufficient to meet its commitment schedule, not generating liquidity risks for the Company and its subsidiaries.

e) Sensitivity analysis

CVM Rule No. 550 of October 17, 2008 provides that publicly-traded companies must disclose in a specific note to the Quarterly Information, qualitative and quantitative information on all of their financial instruments, whether or not recognized as assets or liabilities in their balance sheet.

The Company's financial instruments are represented by cash and cash equivalents, short-term investments, accounts receivable, accounts payable, loans and financing, and are recorded at cost plus earnings or charges incurred, which at June 30, 2011 and December 31, 2010 approximate market value.

The main risks linked to the Company's operations refer to changes in long-term interest rate (TJLP) and CDI.

CVM Rule No. 475, of December 17, 2008, provides for the presentation of information on financial instruments, in a specific note to the Quarterly Information, as well as disclosure of the sensitivity analysis.

With respect to loans, these refer to transactions of which the recorded amount approximates market value of these financial instruments.

CDI investments are recorded at market value, according to published quotes by financial institutions and others mostly refer to bank deposit certificates and repurchase agreements, so the recorded amount of these securities approximates market value.

In an attempt to check the sensitivity of the short-term investments index to which the Company was exposed at June 30, 2011, 3 different scenarios were defined. Based on projections published by financial institutions, we arrived at a 12-month projection for the Interbank Deposit Certificate (CDI), at an average 12.75% for 2012, which was considered the probable scenario; from this scenario, 25%

(In thousands of reais, except where otherwise stated)

(scenario II) and 50% (scenario III) variations were calculated.

Gross financial income was calculated for each of the scenarios, excluding the effect of taxes on earnings from short-term investments. The portfolio base date used was June 30, 2011, with a one-year projection to check the CDI's sensitivity to each scenario.

Operation	Risk	Probable scenario (I)	Scenario II	Scenario III
Short-term investments	**CDI**	**12.75%**	**9.56%**	**6.37%**
Position at 6/30/2011		**2,759**	**2,069**	**1,378**
R$ 21,639				

In order to check the sensitivity of the debt index to which the Company was exposed at June 30, 2011, 3 different scenarios were defined. Based on TJLP at June 30, 2011, the probable scenario was defined for 2012; from this scenario, 25% (scenario II) and 50% (scenario III) variations were calculated.

Gross financial expense was calculated for each scenario, excluding the effect of taxes and the maturities of each contract scheduled for 2011. The loan base date used was June 30, 2011, with a one-year projection to check the sensitivity to each scenario.

(In thousands of reais, except where otherwise stated)

Operation	Risk	Probable scenario (I)	Scenario II	Scenario III
Finame contract				
Variable rate	TJLP	6.00%	7.50%	9.00%
R$ 8,538		512	640	768

* Balances at June 30, 2011

f) Derivative operations

The Company does not have derivative operations.

19. Insurance coverage

The Company and its subsidiaries have a risk management program aimed to limit their risks, seeking coverage compatible with their size and operations. Insurance coverage is considered sufficient by management to cover possible losses, given the nature of its activity, the risks involved in its operations and guidance from its insurance brokers.

The Company and its subsidiaries had the following main insurance policies:

	6/30/2011	12/31/2010
Directors and Officers (D&O) Liability	75,000	75,000
Fire - Fixed Assets	66,613	66,613
Third Party Liability	5,000	5,000
Fixed expenses	5,000	5,000
Electronic equipment	200	200
Other	13,542	2,360

20. Compensation of key management personnel

a) Compensation

According to Brazilian Corporation Law and the Company’s bylaws, shareholders are responsible for setting the aggregate amount of management’s annual compensation at a General Meeting. The Board of Directors is responsible for the allocation of funds among officers. The Annual General Meeting held on April 30, 2010 fixed the monthly limit of total compensation of management (Board of Directors and Executive Officers) of the Company.

For the six-month periods ended June 30, 2011 and June 30, 2010, total compensation (salaries and profit sharing) paid to the Company’s Counselors, Directors and main officers amounted to R$ 6,307 and R$ 4,142, respectively. These amounts are within the limits fixed in the Annual General Meetings.

The Company and its subsidiaries do not grant post-employment benefits, employment termination benefits or other long-term benefits to its management and employees (except for the share option plan described in Note 20.b).

b) Share option plan

The Extraordinary Shareholders’ Meeting held on June 13, 2008 approved the Company’s Share Option Plan (the "Plan"), designed for the Company’s management, employees and service providers (the "beneficiaries"). The Plan is managed by the Plan Administration Committee, established by the Board of Directors specifically for this purpose at a meeting held on July 1, 2008. The Committee is responsible for periodically creating stock option programs and for granting the options to the listed beneficiaries (reviewed on a regular basis) as well as for creating specific applicable rules, pursuant to the general rules of the Plan (“Program”).

The volume of stock options is limited to 4.15% of the total shares of the Company’s capital stock existing on the date each Program is approved. This limit may reach 5% provided that the Company, through repurchases on the market, buys shares of its own issue and cancels them at an amount equivalent to or in excess of 0.85% of shares that may be issued in connection with the stock option plan.

The stock option is formally documented in an individual contract between the Company and each beneficiary. As a condition to acquire the right to purchase stock, the beneficiary shall pay the price of the shares within 30 (thirty) days counted from the subscription or acquisition of shares related to the lot acquired and exercised. For the first Share Option Program, as approved by the Committee on July 15, 2008, the Strike Price of the options shall be R$ 16.50 (sixteen reais and fifty cents) per share, adjusted by reference to IGPM since July 11, 2008, less the amount of dividends and interest on equity per share that may be paid by the Company from the date of execution of individual contracts with the beneficiaries.

For the second Share Option Program, as approved by the Committee on April 20, 2010, the strike price of the options is equivalent to the average price of the shares over the last thirty (30) trading days on the Sao Paulo Stock Exchange prior to date the beneficiary joins the 2nd program, adjusted by reference to IGPM from the date the beneficiary is included in the 2nd program, less the amount of dividends and interest on equity per share that may be paid by the Company from the date of execution of individual contracts with the beneficiaries. The Committee may, upon inclusion of the beneficiary in the 2nd program, determine the granting of a discount of up to 10% (ten percent) on the strike price.

At June 30, 2011, 172,499 options granted were exercised. The total number of shares in these options is 2,783,187.

(In thousands of reais, except where otherwise stated)

The assumptions used to determine each grant, based on the Black-Scholes model, are described as follows:

Grant date	Spot price *	Annual volatility	Actual interest rate	Strike price	Average term (years)	Dividend Yield
7/11/2008	23.5	57.49%	6.85%	16.5	4.68	0.97%
9/30/2008	14.05	56.00%	8.42%	16.5	4.68	1.62%
10/2/2008	14.6	55.87%	7.66%	16.5	4.68	1.56%
11/10/2008	14.65	64.90%	9.68%	16.5	4.68	1.55%
1/13/2009	13.2	63.99%	6.83%	16.5	4.68	1.72%
8/10/2009	24.05	58.14%	5.77%	16.5	4.68	0.95%
9/29/2009	20.1	56.75%	5.64%	16.5	4.68	1.13%
1/11/2010	24.5	63.15%	6.23%	16.5	4.68	0.93%
3/1/2010	22.5	62.20%	6.21%	16.5	4.68	1.01%
5/6/2010	18.99	60.71%	6.30%	19.2	4.68	1.62%
7/28/2010	20.2	58.84%	6.25%	19.2	4.68	1.52%
11/3/2010	25.2	57.60%	5.88%	19.2	4.68	1.52%
1/3/2011	26.0	56.73%	5.79%	23.6	4.68	1.18%

* Market price at grant date

Pursuant to the requirements of Technical Pronouncement CPC 10, share-based payments that were outstanding as of June 30, 2011 were measured and recognized by the Company.

The Company monthly recognizes the share options granted as capital reserve with a matching entry in the income statement, having recorded the amount of R$ 1,300 for the six-month period ended June 30, 2011 (R$ 5,894 for the year ended December 31, 2010).

The Company did not offer any other benefits to its management at June 30, 2011 in addition to the Share Option Plan.

21. Earnings per share

In compliance with CPC 41 (IAS 33) (approved by CVM Rule No. 636 - Earnings per Share), the Company sets out below the information on earnings per share as at June 30, 2011.

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

a) Basic earnings per share

	6/30/2011	6/30/2010
Numerator		
Net income for the period	36,651	33,558
Denominator (in thousands of shares)		
Weighted average number of outstanding shares	82,095,856	78,650,227
Basic earnings per share	0.00044644	0.00042667

b) Diluted earnings per share

	6/30/2011	6/30/2010
Numerator		
Net income for the period	36,651	33,558
Denominator (in thousands of shares)		
Weighted average number of outstanding shares	82,144,989	78,650,227
Potential increase in the number of shares due to the share option plan	3,258,863	2,517,367
Adjusted weighted average number of outstanding shares	85,403,852	81,167,594
Diluted earnings per share	0.000429149	0.00041344

(In thousands of reais, except where otherwise stated)

22. Net sales revenue

	Consolidated	
	6/30/2011	6/30/2010
Gross revenue from operations	806,023	734,625
Deductions	(240,314)	(220,429)
Scholarships	(206,919)	(190,729)
Return of monthly tuition fees and charges	(4,953)	(1,396)
Discounts granted	(4,374)	(6,679)
Taxes	(24,068)	(21,625)
Net revenue from operations	565,709	514,196

23. Expenses by nature

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Allowance for doubtful accounts			(22,760)	(20,103)
Advertising			(27,926)	(24,203)
Sales and marketing			(10,081)	(5,796)
Selling expenses			(60,767)	(50,102)
Payroll and related charges	(2,209)	(2,186)	(32,797)	(35,261)
Outsourced services	(2,495)	(1,892)	(20,368)	(23,084)
Machinery rent and commercial lease			(1,381)	(1,590)
Consumables			(753)	(731)
Depreciation and amortization	(1,156)		(7,194)	(3,892)
Other	(2,169)	(538)	(24,854)	(19,409)
Provision for contingencies	2,909		2,729	(2,344)
General and administrative expenses	(5,120)	(4,616)	(84,618)	(86,311)

(In thousands of reais, except where otherwise stated)

24. Statement of comprehensive income

	Company		Consolidated	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Net income for the period	36,651	33,558	36,651	33,558
Foreign exchange differences on investment abroad	(173)	(33)	(173)	(33)
Comprehensive income	36,478	33,525	36,478	33,525